EDISON

discoverIE Group

Q127 trading update

Q1 organic order intake up 31%

Electrical components

27 July 2026

discoverIE reported continuing strong momentum in order intake, with Q127 organic order growth of 31% y-o-y, up from 14% in Q426. Q127 revenue was 6% higher on an organic basis with a further 4% contribution from recent acquisitions. The company noted that the positive outlook continues with full year adjusted earnings tracking ahead of board expectations. As it is still early in the year, we have conservatively made a small upgrade to our forecasts, with adjusted EPS 1.3% higher in FY27 and 1.2% higher in FY28.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
3/25	422.9	50.1	38.68	12.50	19.1	1.7
3/26	443.3	51.9	40.30	13.00	18.3	1.8
3/27e	478.1	56.6	42.46	13.55	17.4	1.8
3/28e	489.3	59.2	44.19	14.20	16.7	1.9

Note: PBT and EPS as per discoverIE's adjusted metric (excludes amortisation of acquired intangibles and exceptional items).

Positive momentum continues into Q127

For Q127, group revenue was 6% higher organically y-o-y, and including the Storm and Trival acquisitions (December 2025 and April 2026 respectively), it was up 10% y-o-y at constant exchange rates. The company has shown accelerating organic revenue growth through the course of FY26 (Q1: 0%, Q2: 1%, Q3: 1%, Q4: 5%), and the higher order intake supports further organic sales growth through FY27. Group orders were up 31% y-o-y on an organic basis, significantly higher than any quarter in FY26 (Q1: -6%, Q2: 8%, Q3: 4%, Q4: 14%). Book-to-bill for the quarter was 1.15x. Orders are up by double digits in all operating units, with the strongest growth in the Magnetics operating unit, supported by strong demand from electrification projects in both Europe and the US.

Upgrading EPS forecasts

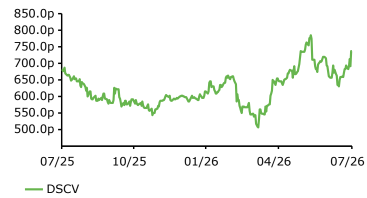
The company noted that both Trival and Storm are performing well and that the regulatory process for the acquisition of 3Gmetalworx is progressing. With FY27 earnings tracking ahead of the board's original expectations, we have upgraded our forecasts. As it is still early in the year, we have conservatively increased revenue by 1.5% in FY27 and FY28. We assume the mix skews towards the lower margin Magnetics operating unit, resulting in a drop through to adjusted diluted EPS upgrades of 1.3% in FY27 and 1.2% in FY28.

Valuation: Confidence returning

The stock gained 6% post the trading update, which has slightly reduced the discount to the peer average on a P/E basis since we last wrote (from 36% to 31% for FY27 and from 26% to 19% for FY28). Consistent organic order growth provides confidence for the organic revenue growth outlook, and recently announced/ completed acquisitions are expected to boost margins. The company's active M&A pipeline and disciplined approach to valuation provide scope for further acquisitions to boost growth and earnings.

Price	**739.00p**
Market cap	**£719m**
Net cash/(debt) at end FY26	£(80.5)m
Shares in issue	97.4m
Free float	96.0%
Code	DSCV
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	7.9	14.8	7.8
52-week high/low		789.7p	501.4p

Business description

discoverIE is a leading international designer and manufacturer of customised electronics to industry, supplying customer-specific electronic products and solutions to OEMs.

Next events

H127 trading update	October

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

Edison profile page

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Changes to estimates

Exhibit 1: Changes to estimates

£m	FY27e old	FY27e new	Change	y-o-y	FY28e old	FY28e new	Change	y-o-y
Revenues	471.1	478.1	1.5%	7.9%	482.0	489.3	1.5%	2.3%
EBITDA	82.5	83.2	0.9%	10.7%	84.7	85.4	0.8%	2.7%
EBITDA margin	17.5%	17.4%	-0.1pp	0.4pp	17.6%	17.5%	-0.1pp	0.1pp
Adjusted operating profit	67.2	67.9	1.0%	11.3%	69.2	69.9	1.0%	3.0%
Adjusted operating margin	14.3%	14.2%	-0.1pp	0.4pp	14.4%	14.3%	-0.1pp	0.1pp
Normalised operating profit	69.6	70.3	1.0%	12.7%	71.6	72.3	1.0%	2.9%
Normalised operating margin	14.8%	14.7%	-0.1pp	0.6pp	14.9%	14.8%	-0.1pp	0.1pp
Adjusted PBT	55.9	56.6	1.3%	9.1%	58.5	59.2	1.2%	4.6%
Normalised PBT	58.3	59.0	1.2%	10.7%	60.9	61.6	1.2%	4.4%
Normalised net income	43.2	43.7	1.2%	7.2%	45.1	45.7	1.2%	4.4%
Normalised diluted EPS (p)	43.7	44.3	1.2%	6.9%	45.5	46.0	1.2%	3.9%
Adjusted diluted EPS (p)	41.9	42.5	1.3%	5.4%	43.7	44.2	1.2%	4.1%
Reported basic EPS (p)	30.5	31.1	1.8%	2.9%	32.4	32.9	1.7%	5.9%
Dividend per share (p)	13.6	13.6	0.0%	4.2%	14.2	14.2	0.0%	4.8%
Net (debt)/cash	(101.4)	(101.7)	0.3%	26.4%	(79.0)	(79.2)	0.2%	-22.2%
Net debt/EBITDA (x)	1.3	1.3			1.0	1.0		

Source: Edison Investment Research

Exhibit 2: Financial summary

£m	2022	2023	2024	2025	2026	2027e	2028e
Year end 31 March	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue	379.2	448.9	437.0	422.9	443.3	478.1	489.3
EBITDA	56.1	65.4	71.1	74.7	75.2	83.2	85.4
Normalised operating Profit (before am, SBP and except.)	44.8	54.3	59.5	62.5	62.4	70.3	72.3
Adjusted operating Profit (before am. and except.)	41.4	51.8	57.2	60.5	61.0	67.9	69.9
Amortisation of acquired intangibles	(14.0)	(15.8)	(16.2)	(16.2)	(16.3)	(16.2)	(16.2)
Exceptionals	(6.5)	(1.4)	(9.8)	(1.9)	0.5	0.0	0.0
Share-based payments	(3.4)	(2.5)	(2.3)	(2.0)	(1.4)	(2.4)	(2.4)
Operating Profit	20.9	34.6	31.2	42.4	45.2	51.7	53.7
Net Interest	(3.8)	(5.5)	(9.0)	(10.4)	(9.1)	(11.3)	(10.7)
Profit Before Tax (norm)	41.0	48.8	50.5	52.1	53.3	59.0	61.6
Profit Before Tax (FRS 3)	17.1	29.1	22.2	32.0	36.1	40.4	43.0
Tax	(7.4)	(7.8)	(6.7)	(7.4)	(7.1)	(10.5)	(11.1)
Profit After Tax (norm)	30.8	36.1	37.9	40.1	40.8	43.7	45.7
Profit After Tax (FRS 3)	9.7	21.3	15.5	24.6	29.0	29.9	31.9
Discontinued operations	15.5	0.0	0.0	0.0	0.0	0.0	0.0
Net income (norm)	30.8	36.1	37.9	40.1	40.8	43.7	45.7
Net income (FRS 3)	25.2	21.3	15.5	24.6	29.0	29.9	31.9
Average number of shares outstanding (m)	93.0	95.4	95.8	96.0	96.1	96.4	96.9
EPS - normalised & diluted (p)	32.1	36.7	38.5	40.7	41.4	44.3	46.0
EPS - adjusted, diluted (p)	29.4	35.2	36.8	38.7	40.3	42.5	44.2
EPS - IFRS basic (p)	27.1	22.3	16.2	25.6	30.2	31.1	32.9
EPS - IFRS diluted (p)	26.3	21.7	15.8	25.0	29.4	30.3	32.1
Dividend per share (p)	10.80	11.45	12.00	12.50	13.00	13.55	14.20
EBITDA Margin (%)	14.8	14.6	16.3	17.7	17.0	17.4	17.5
Normalised operating margin (before amortisation, SBP and except.) (%)	11.8	12.1	13.6	14.8	14.1	14.7	14.8
discoverIE adjusted operating margin (%)	10.9	11.5	13.1	14.3	13.8	14.2	14.3
BALANCE SHEET							
Fixed Assets	326.5	335.9	381.0	396.9	395.1	425.8	417.1
Intangible Assets	263.3	272.0	329.5	336.4	330.5	357.8	345.7
Tangible Assets	45.4	44.4	41.1	50.4	57.3	60.7	64.2
Deferred tax assets	17.8	19.5	10.4	10.1	7.3	7.3	7.3
Current Assets	266.2	249.8	287.7	298.1	299.5	280.3	302.1
Stocks	77.8	90.0	80.1	82.9	85.4	94.3	96.5
Debtors	78.0	74.6	88.8	74.4	85.7	83.8	85.8
Cash	108.8	83.9	110.8	139.3	125.3	99.1	116.6
Current Liabilities	(190.3)	(151.2)	(185.4)	(195.5)	(206.2)	(208.1)	(210.0)
Creditors	(114.2)	(107.3)	(101.0)	(94.3)	(104.1)	(106.0)	(107.9)
Lease liabilities	(4.7)	(4.0)	(5.7)	(6.2)	(6.5)	(6.5)	(6.5)
Short-term borrowings	(71.4)	(39.9)	(78.7)	(95.0)	(95.6)	(95.6)	(95.6)
Long-term Liabilities	(112.0)	(130.9)	(181.7)	(191.5)	(159.8)	(150.0)	(140.2)
Long-term borrowings	(67.6)	(86.7)	(136.1)	(138.6)	(110.2)	(105.2)	(100.2)
Lease liabilities	(16.4)	(14.8)	(14.4)	(21.2)	(27.5)	(27.5)	(27.5)
Other long-term liabilities	(28.0)	(29.4)	(31.2)	(31.7)	(22.1)	(17.3)	(12.5)
Net Assets	290.4	303.6	301.6	308.0	328.6	348.0	369.0
CASH FLOW							
Operating Cash Flow	42.5	52.1	66.0	70.5	66.7	77.6	82.7
Net Interest	(3.3)	(4.8)	(7.7)	(10.0)	(8.5)	(10.8)	(10.2)
Tax	(7.1)	(9.0)	(12.5)	(10.6)	(10.7)	(15.3)	(16.0)
Capex	(6.2)	(5.6)	(4.9)	(6.1)	(6.6)	(9.0)	(9.3)
Acquisitions/disposals	(46.8)	(25.1)	(82.8)	(16.7)	(7.5)	(43.4)	(4.0)
Financing	47.2	(7.5)	(9.3)	(7.5)	(6.1)	(7.4)	(7.4)
Dividends	(9.4)	(10.5)	(11.2)	(11.7)	(12.2)	(12.9)	(13.3)
Net Cash Flow	16.9	(10.4)	(62.4)	7.9	15.1	(21.2)	22.6
Opening net cash/(debt)	(47.2)	(30.2)	(42.7)	(104.0)	(94.3)	(80.5)	(101.7)
HP finance leases initiated	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	(2.1)	1.1	1.8	(1.3)	(0.0)	(0.0)
Closing net cash/(debt)	(30.2)	(42.7)	(104.0)	(94.3)	(80.5)	(101.7)	(79.2)

Source: discoverIE, Edison Investment Research

EDISON

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom